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FM AMCONSUL LAGOS

TO RUEHC/SECSTATE WASHDC IMMEDIATE 7894

INFO RUEHZK/ECOWAS COLLECTIVE PRIORITY

RUEHHH/OPEC COLLECTIVE PRIORITY

RUEHUJA/AMEMBASSY ABUJA PRIORITY 7815

RUEHLO/AMEMBASSY LONDON PRIORITY 0701

RULSDMK/DEPT OF TRANSPORTATION WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEAHLC/DEPT OF HOMELAND SECURITY WASHDC PRIORITY

RUEAIIA/CIA WASHINGTON DC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY

RHEFDIA/DIA WASHINGTON DC PRIORITY

RUFQADA/JAC MOLESWORTH AFB UK PRIORITY

RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L LAGOS 001183

SIPDIS

SIPDIS

DOE FOR GPERSO AND CGAY

TREASURY FOR ASEVERENS AND SRENENDER

DOC FOR PHUPER

STATE PASS TRANSPORTATION FOR MARAD

STATE PASS USTR FOR ASST USTR SLISER

E.O. 12958: DECL: 09/12/2016

TAGS: [EPET](#) [PGOV](#) [ELAB](#) [AA](#)

SUBJECT: OIL MAJORS SAY STRIKE UNLIKELY TO IMPACT PRODUCTION

Classified By: CONSUL GENERAL BRIAN L. BROWNE; REASONS 1.4 (D,E)

¶1. (C) Summary: Top executives of oil majors predict the strike planned for September 13 will take place. Chevron and Shell believe their in-house unions, although they will honor the strike, will do nothing to disrupt production. Total, which has both production and distribution businesses in Nigeria, is providing truckloads of oil and gasoline to industrial customers and gas stations to minimize disruption to the Nigerian economy. End Summary.

¶2. (C) Top executives of oil majors operating in Nigeria say the strike announced by Nigeria's oil worker unions (septel) will take place as planned, beginning midnight Tuesday, September 12.

¶3. (C) Chevron Nigeria Limited, which produces approximately 400,000 barrels per day, expects there will be a walkout of some sort by the unions. Michael Illane, General Manager of the Escravos facility, believes unions at the company's Escravos facility are not planning to disrupt production, and that facilities will continue to run with a skeleton crew. In the area around Chevron's Lagos offices, company managers anticipate a general strike and are planning how best to manage the situation. The company plans to provide transportation as a way of helping non-striking employees get to work during the three days of the planned strike. Illane said the company has been assured by in-house union representation that even if employees of Shell or Total shut down production at their companies' facilities, Chevron employees will not follow suit. Nonetheless, the General Manager is keeping his fingers crossed that the strike does not take a more confrontational turn.

¶4. (C) Shell's Regional External Affairs Manager, Olav Ljosne said the company does not see the strike as directed against oil producers, but rather against the government. The company is anticipating no reduction of production. Nonetheless, because the unions are attempting to demonstrate their power, the company will not be certain what will happen until the morning of the first day of the strike. Shell,

Nigeria's largest producer, produces 600-700,000 barrels per day for the U.S. and European markets.

¶ 15. (C) Chevron's General Manager for Government and Public Affairs Femi Odumabo told us the government is talking with the unions and that he believes that the unions are listening. A meeting will take place on September 13, the first day of the strike, which Odumabo speculates may mean that a deal can be brokered to end the strike more quickly.

¶ 16. (C) Total, which has both production and distribution businesses in Nigeria, is providing additional truckloads of oil and gasoline to industrial customers and gas stations respectively to minimize the disruption to the Nigerian economy.

¶ 17. (C) Comment: With the strike imminent, the majors have completed whatever preparations they could make to maintain production. Some steps have been taken to mitigate the inconvenience and damage to the economy that a strike may cause. Now it is up to the unions and the government to see if they can reach an eleventh hour meeting of the minds that will make all of these precautions unnecessary. However, what we have not heard are what concessions the unions are willing to accept-- short of their ambitious demand for the government to resolve the security problems in the Niger Delta -- and what concessions the government may be willing to offer to avert a strike.

BROWNE